



# Council of the ISLES OF SCILLY

## Annual Governance Statement for Council of the Isles of Scilly

For the year 2024 - 2025

# 1. Introduction

## The Council's Corporate Plan

The Council adopts a four-year corporate plan which sets out the direction of travel for its services and the principles within which it will operate. The plan is fundamentally re-written every four years. A new Corporate Plan was taken to Full Council in February 2022 for the period 2022/23 to 2025/26. The Plan replaced the previous Corporate Plan on 1<sup>st</sup> April 2022. A period of public consultation was undertaken in November and December 2021 which informed the proposed objectives set out in the Plan. Following the feedback from the consultation process and consideration of the responses the Plan was amended to include 23 objectives within 5 sections. A Delivery Plan was developed to set out how the objectives in the Corporate Plan would be achieved.

The Plan was divided into 5 sections with objectives against each main heading:

- Housing
- Climate Change and Waste Management
- Transport and Highways
- Community Wellbeing and Fairness
- Our Council

In addition to the sections above a “Promises to Our Community” section was included to cover areas of importance to the Council and its community, but which did not fit into the measurable objectives part of the overall Plan.

The full corporate plan is on the Council's website at

<https://www.scilly.gov.uk/council-democracy/council-corporate-plan>

The five main sections of the Corporate Plan's delivery are as follows:

## Housing

- We think everybody living on Scilly should have an affordable, good quality place to live and want to continue to play our part in finding solutions to housing needs

## Climate Change and Waste Management

- Following the school's 'Strike for Climate' petition in 2019, we declared a Climate Emergency and committed to becoming a carbon-neutral organisation by 2030. We have also recognised the threat that climate change poses to our islands and are committed to helping our community adapt.
- We have also recognised the need to consult off-island communities on how waste is collected and managed

## Transport & Highways

- In 2021 we secured government funding to bring major improvements to our shipping transport system and can now begin the work which will result in the delivery of the high-quality passenger and freight services which have been on the community's wish list for many years. We also want to ensure people can move around the islands safely, so have committed to improving our pavements and tackling traffic issues.

## Community wellbeing & fairness

- We want to ensure that people living on Scilly continue to have access to services that support their care, wellbeing and personal development. We also think it's important that everybody contributes fairly to all services and that the few recurring nuisance issues we have on Scilly are dealt with effectively.

## Our Council

- We want to be a local authority you trust. This means being transparent in everything we do and helping you to better understand how we make the decisions we make. Making our information easy for everyone to find and understand is crucial and we want to be more responsive to your feedback. Our services and facilities must be fit-for-purpose and work for the whole community. We must also ensure that the Council is funded in a way which allows us to achieve our aims and plan for the long term.

Good Governance is the backbone of the Council's ability to achieve its aim in accordance with these values. It is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It is important for governance arrangements to be proportionate so that wherever appropriate they empower individuals rather than constrain them.

Good governance leads to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

## **Scope of Responsibility**

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and that it is used economically, efficiently and effectively. In addition, the Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance arrangements including the system of internal control.

This review of effectiveness is informed by those officers within the Council who have responsibility for the development and maintenance of the governance environment, the Chief Executive, S151 and Monitoring Officer, work of the relevant Council Committees, internal and external auditors and other review agencies and inspectorates.

This Annual Governance Statement (AGS) has been prepared to meet the requirements of the Accounts and Audit Regulations 2015 (as amended) and the principles set out in the 2016 CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (“the Framework”). It has also taken into consideration the CIPFA Guidance on “The Application of the Good Governance Framework” issued in February 2021 and the Local Government Association Improvement and Assurance Framework for Local Government (May 2024). The Framework requires the Council to have in place a Local Code of Corporate Governance (“the Code”). This statement describes the extent to which the Council complies with its Code and how the Code is consistent with the good governance principles.

In discharging its overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which include arrangements for managing risk.

## **Purpose of the Council's Code of Governance**

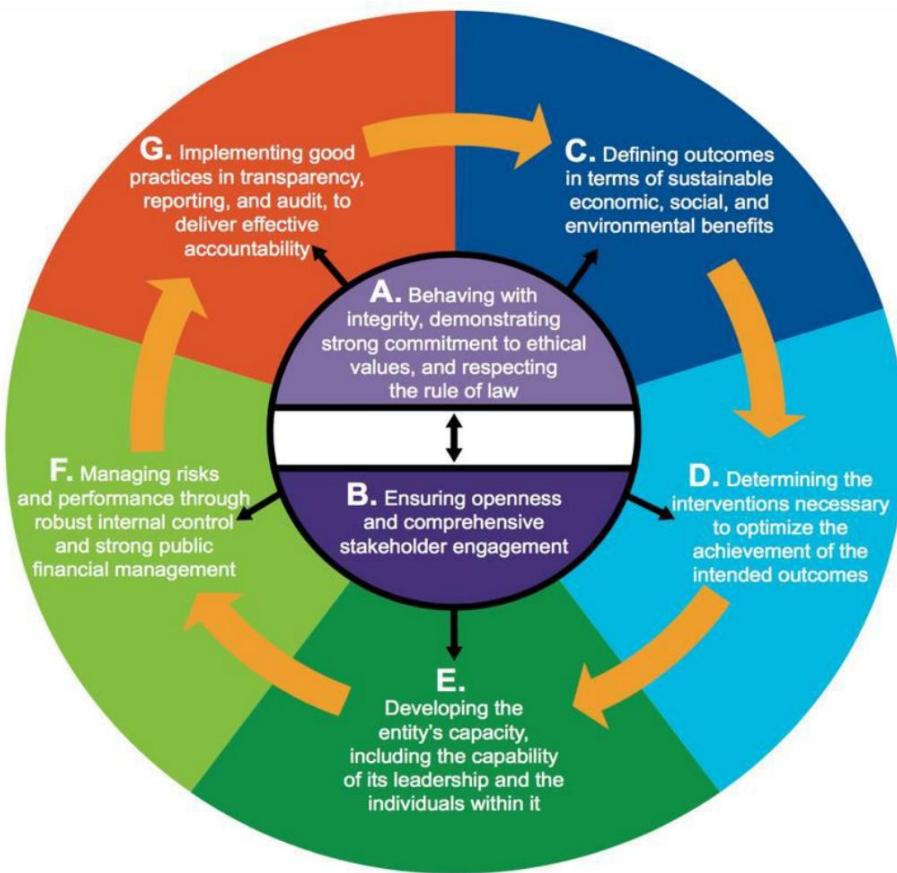
The Council's Code of Governance aims to ensure that in conducting its business the Council:

- operates in a lawful, open, inclusive and honest manner
- makes sure public money is safeguarded, properly accounted for and spent wisely
- has effective arrangements in place to manage and control risk
- secures continuous improvements in the way it operates.

The Code comprises the systems and processes, culture and values and structures by which the Council is directed and controlled. The Code is the sum total of all of these things, and it includes those activities required to enable the Council to engage with, be accountable to and lead the communities it serves. The Code enables the Council to set its strategic objectives and to manage the achievement of the objectives whilst ensuring delivery of appropriate, cost effective services.

The system of internal control is a significant part of that Code and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The Framework envisages that the Code will be organised to ensure a continuous process of seven principles based around two core principles (A and B).



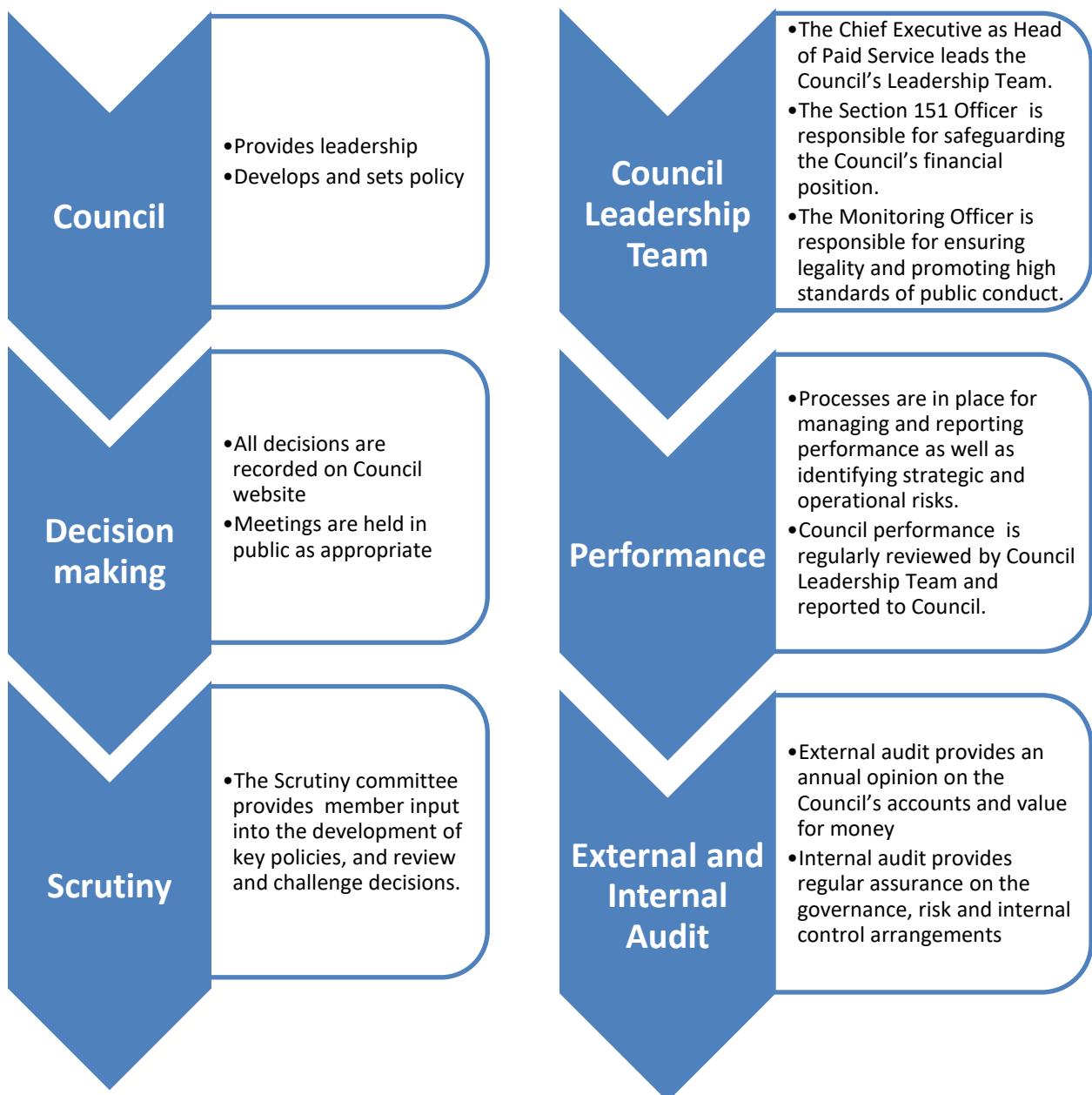
Source: CIPFA/SOLACE

The governance framework and an attendant Code has continued to be in place at the Council of the Isles of Scilly for the year ended 31 March 2025 and up to the date of approval of the statement of accounts.

## Key elements of our Code of Governance

The Council's Standing Orders (Constitution) is updated annually and as necessary and sets out how the Council operates. The Council of the Isles of Scilly has strong member involvement in decision-making with Members being particularly close to the community.

The key elements of the governance arrangements at the Council during 2024/25, in line with the above structure, were:



## **2. How we have fulfilled the principles of good governance**

### **Review of the Council's Code of Governance**

As above, the Council's Code is made up of the arrangements that the Council has in place to deliver the requirements of each principle of the Framework. The Code is not a document, it is the sum total of all these systems and processes, culture and values and structures by which the Council is directed and controlled.

In preparing this AGS the Council has:

- reviewed the Council's existing governance arrangements against the revised CIPFA / SOLACE 'Delivering Good Governance in Local Government Framework - 2016 Edition' good practice guidance and the CIPFA Guidance on "The Application of the Good Governance Framework" issued in February 2021;
- thereby assessed the effectiveness of the Council's Code.
- had regard to the Local Government Association Improvement and Assurance Framework for Local Government (May 2024).

This section sets out some key aspects of how the Council's Code has complied with the seven principles set out in the Framework during 2024/25; it is not intended to be exhaustive.

This AGS for 2024/25 demonstrates how the Council has complied with the Framework and maintained an effective Code. It also meets the requirements of Regulation 6(1)(a) and (b) of the Accounts and Audit Regulations 2015 as amended, which requires the Council to conduct a review of the effectiveness of the system of internal control and prepare an AGS.

**Principle A:**

***Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law***

- The Code of Conduct for elected and co-opted Members and the Employee Code of Conduct provide guidance to Members and Officers on the expected standards of behaviour.
- The Monitoring Officer assesses and, where relevant, reviews any suspected breaches of the Code.
- All complaints made regarding breaches or potential breaches of the Code of Conduct and the assessment undertaken by the Monitoring Officer, are reviewed by a Panel of the Governance Committee.
- During 2024/25 no formal complaints were received under the Council's Code of Conduct.
- The Council's Code of Conduct will be reviewed during 2025/26.
- The Council has an Employee Code of Conduct that will be reviewed during 2025/26.
- The roles and responsibilities of Full Council, its Committees (including Governance, Scrutiny, Licensing, Cornwall and Isles of Scilly Economic Prosperity Board, Health and Wellbeing Board and the Cornwall and Isles of Scilly Integrated Care Partnership (sitting as a Committee in Common with Cornwall Health and Wellbeing Board), Statutory Officers, and other officers are clearly set out in the Council's Standing Orders.
- The Member / Officer Relations Protocol provides an effective framework in which Members and officers interact.
- The Council has a number of policies such as those relating to Risk Management, Anti-fraud and Corruption and a Complaints Policy that promote ethical behaviours amongst Members and Officers.

	<ul style="list-style-type: none"><li>Internal Audit investigates all suspected cases of fraud, corruption, and non-compliance with relevant regulations or policies. Internal Audit provide an update to every Scrutiny Committee meeting (the function has recently been changed to fall within the remit of the Governance Committee) of action against the Audit Plan.</li><li>The Council's Corporate Plan sets out integrity and transparency as some of the key values for the Council.</li><li>The Council's Contract Procedure Rules were fully revised and updated in January 2025 to reflect the new requirements in the Procurement Act 2023 and associated regulations.</li><li>Various parts of the Council's Standing Orders have been reviewed during 2024/25 including the Members Scheme of Allowances, the procedural Standing Orders, the terms of Reference for Council and its Committees and the Lead Member Roles ready for implementation from May 2025.</li></ul>
<p><b>Principle B:</b> <i><b>Ensuring openness and comprehensive stakeholder engagement</b></i></p>	<ul style="list-style-type: none"><li>All meetings of Full Council were webcast during 24/25. All formal member meetings are open for the public to attend, with agenda papers and decisions being published on the Council's website, in accordance with the legislative framework around openness and transparency</li><li>Where the Council undertakes consultation the feedback from the consultation is taken into consideration as part of its decision making and this is documented as part of the Council's decision making process which is made available on the Council's website (subject to any legal restrictions that would prevent this).</li><li>During 2024/25 various engagement sessions with the public were undertaken and various consultations were undertaken, and they are listed here:</li></ul>

## Summary of governance arrangements

- 8 May 24 – [Consultation on wraparound childcare for primary school age children on Scilly](#)
- 11 July 24 – [Adult Social Care drop-in sessions to take place every Monday and Thursday on St Mary's](#)
- 22 July 24 – [Consultation on draft gambling policy for the Isles of Scilly](#)
- 30 July 24 – [Calling all commercial waste customers: complete our survey to help us design a new payment system and improve our database](#)
- 6 September 24 – [Advance notice of Council public meetings autumn 2024](#)
- 8 October 24 – [Update on draft Cornwall and Isles of Scilly Local Nature Recovery Strategy and drop-in session](#) 8 October 24 – [Consultation on review of polling districts and polling places](#)
- 25 October 24 – [Employment opportunities at Park House: coffee morning, 30 October 2024](#)
- 27 November 24 - [Social Housing Allocations Policy consultation and drop-in sessions](#)
- 15 January 25 – [Waste and Recycling Service Changes Drop-in session](#)
- 30 January 25 – [Consultation on draft Post-16 Transport Policy Statement 2025/26](#)
- 11 February 25 – [Budget consultation 2025-26](#)
- 28 February 25 – [Help us create a community-led vision for Hugh Street](#)

	<ul style="list-style-type: none"><li>- 6 March 25 – <a href="#">Local Flood Risk Management Strategy consultation – deadline 2 May 2025</a></li><li>• The Council also returned a response to the Government consultations on <a href="#">Strengthening the standards and conduct framework for local authorities in England</a> and <a href="#">remote attendance and proxy voting in local authorities</a>. Government have recently announced that they will be supporting remote meetings and we await the proposed legislation.</li><li>• The Council maintains a “latest news” section on its website to communicate key issues to the public and other stakeholders. It also has a number of options for contact including post, telephone, email and social media links. Details of how to make a complaint are also included on the Council’s website.</li><li>• An Island council for youth where young people can influence decision making by the council is in the process of being established.</li></ul>
<p><b>Principle C:</b> <i>Defining outcomes in terms of sustainable economic, social and environmental benefits</i></p>	<ul style="list-style-type: none"><li>• The Council’s Priorities for the Isles of Scilly were identified through a revised Corporate Plan approved by Full Council. The updated Plan approved by Full Council in February 2022 sets out 5 key areas of focus for 2022-26 as follows:<ul style="list-style-type: none"><li>- Housing</li><li>- Climate Change and Waste Management</li><li>- Transport and Highways</li><li>- Community Wellbeing and Fairness</li><li>- Our Council</li></ul></li></ul>

	<ul style="list-style-type: none"><li>• The Council has published a Medium Term Financial Plan looking three years ahead in order to ensure that the Council's financial situation is sustainable and aligned with plans to deliver its objectives.</li><li>• The internal audit plan for 2024-25 was approved by the Scrutiny Committee in March 2024 – the internal audit function is now more aligned with the Council and works with the Council to mitigate risks.</li></ul>
<p><b>Principle D:</b> <i>Determining the interventions necessary to optimise the achievement of the intended outcomes</i></p>	<ul style="list-style-type: none"><li>• The formal statutory powers of intervention of the Monitoring Officer and Section 151 Officer have not been exercised during the reporting period.</li><li>• A standard reporting template is used to make reports to members and is consistently utilised for all committee reports. Work has been undertaken on ensuring that Equality Impact Assessments are undertaken when policy and other strategic decisions are taken to ensure that the Council's obligations under the Equality Act are fulfilled. Examples of this are the Post 16 Transport Policy Statement and the Corporate Parent Strategy.</li><li>• The Scrutiny and other committees set out their business in work programmes agreed in public, which support them to discharge their responsibilities.</li><li>• The Scrutiny Committee is informed throughout the year of the work of Internal Audit (please note that this function has recently moved to the Governance Committee).</li><li>• A comprehensive financial performance is taken to Full Council quarterly which provides wider financial performance information. Decisions and actions to address performance issues have been taken and monitored to ensure they have been effective. Monthly financial reports to Full Council are produced on an exceptions basis.</li><li>• The Monitoring Officer and Section 151 Officer have regular stewardship meetings to monitor assurance across the Council and identify any activity required.</li></ul>

**Principle E:**  
***Developing the entity's capacity, including the capability of its leadership and the individuals within it***

- The Council benefits from a wider leadership system through the Cornwall and Isles of Scilly (CloS) Leadership Board which provides strategic 'place leadership'. The Council is focussed on delivery through partnerships as part of a wider leadership system for Cornwall as a whole. The Leadership Board has helped in providing joined up leadership for Cornwall and Isles of Scilly and the strengthened organisational relationships that have been achieved through collaborative working.
- In addition, the Council actively works in partnership with Cornwall Council to help provide additional expertise and capacity on major and complex issues and services are also provided to the Council through the collaboration agreement between Cornwall Council and the Council of the Isles of Scilly. The Council seeks external service provision, including legal advice where appropriate on complex issues.
- Through the Integrated Care System governance the Council of the Isles of Scilly is a statutory partner of the Cornwall and Isles of Scilly Integrated Care Partnership, this work is closely aligned with the work of the Cornwall and Isles of Scilly Joint Health and Wellbeing Board (which has recently changed to each Council once again having its own health and wellbeing board to ensure that Isles of Scilly issues get full consideration and debate).
- The Council has a joint committee with Cornwall Council – the Cornwall and Isles of Scilly Economic Prosperity Board – which makes decisions on the allocation of Shared Prosperity Funding in accordance with both Council's economic and growth strategies.
- The Chief Executive regularly reviews the capacity and capabilities of the Council and reports back to Full Council with any amendments to structure to strengthen the management of the Council and provide clear accountability and reliance as required.

	<ul style="list-style-type: none"><li>Officer capacity in key governance roles remains strengthened by the arrangements with Cornwall Council for the provision of a Monitoring Officer and Deputy Section 151 Officer.</li><li>Work is ongoing to implement the action plan for Children's Services in response to Ofsted's Improvement Notice. Great progress has been made in this respect as evidenced in the latest Monitoring Visit letter <a href="#">Monitoring Visit Letter of February 2025</a>.</li></ul>
<p><b>Principle F:</b> <i><b>Managing risks and performance through robust internal control and strong public financial management</b></i></p>	<ul style="list-style-type: none"><li>The Council's Risk Strategy includes the regular monitoring and review of risks which are reported to Full Council on a quarterly basis. In response to the external audit recommendation from the 23/24 audit a column on the Corporate risk register that links risks to the corporate plan has been added and where possible the risk and performance report is on the same agenda as the quarterly finance reports.</li><li>The Council's Internal Audit service carries out a risk based comprehensive programme of review focussed on providing an opinion on the effectiveness of the risk, governance and internal control arrangements in respect of key priorities.</li><li>Internal Audit provides assurance on an annual basis on the effectiveness of arrangements for organisational data quality and information governance.</li><li>Clear and appropriate arrangements are in place for regular reporting to the Scrutiny Committee by Internal Audit (this function has recently moved to the Governance Committee).</li><li>External Audit reports to Full Council on an annual basis and on an exceptions basis.</li><li>The Council's statutory officers meet regularly along with the Chief Executive and Senior managers to provide collective assurance that statutory risks and responsibilities are being effectively managed and delivered.</li></ul>

**Principle G:**

***Implementing good practices in transparency, reporting and audit to deliver effective accountability***

- All Council meetings were audio webcast during 2024/25 and remain available for public scrutiny after the date of the meeting.
- The Corporate Plan 2022-2026, which was reviewed and updated by Full Council in February 2022, is available to view on the internet.
- Council and Committee agendas, reports and decisions are published online.
- Council and Committee meetings are open to the press and public (other than for exempt and confidential items) and are webcast enabling public access after the event.
- The Council regularly reports its financial performance against statutory and agreed performance targets.
- Outcomes from both external and internal audit activities are regularly reported to the Scrutiny Committee (please note the responsibility for the function has recently moved to the Governance Committee) in public meetings, ensuring that decision-makers can be held to account.

## 3. Review of effectiveness

The Council's Leadership Team (including the Monitoring Officer and S151 Officer), has reviewed the effectiveness of the Council's Code of Governance, confirming that the arrangements described in this statement are in place. The Council's review of its Code of Governance is not only an annual process but, in line with best practice, it is conducted continuously, including through regular and ongoing assessment by the Council Leadership Team including the statutory Section 151 Officer and Monitoring Officer.

Outside of some matters highlighted in the final section of this report (below), the Council's Leadership Team have confirmed that corporate governance processes have been in place and operating as intended throughout the year and no significant governance issues are identified. As identified in the external auditor's reports (detailed below) the Council needs to ensure that it continues the work on updating Council policies and this work has continued during 2024/25 and will continue on into 2025/26 and progress will be reported in the 2025/26 AGS.

### Internal Audit

The overall audit opinion of the Head of Internal Audit for 2024/25 was as follows:

"Overall, based on work performed during 2024/25 and my professional knowledge of the organisational control, governance and risk management environment, I can provide 'reasonable assurance'\* on the adequacy and effectiveness of the Council's arrangements in respect of internal control."

*\*Reasonable Assurance Definition: 'There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited'*

### External Audit

External auditors carry out a programme of review based on the Code of Audit Practice issued by the National Audit Office. The External Auditor's Annual Report for 2023/24 (which went to Full Council in [January 2025](#)).

Prior to this the Council received an interim External Auditors Annual Report for 2023/24 covering the Auditors Value for Money work. This draft report identified:

<b>Financial Sustainability</b>	No significant weaknesses
<b>Governance</b>	No significant weaknesses
<b>Improving Economy, Efficiency and Effectiveness</b>	Significant weaknesses

Two improvement recommendations were made in respect of governance these were:

1. The Council should ensure that the risks reported to Members of the Full Council are able to map or align with a corporate plan objective. Additionally, the Council should provide updates from the corporate risk register alongside quarterly financial performance reports to enhance risk oversight from across the organisation. **Action has been taken in this respect (see Principle F above)**  
**The Council's Risk Strategy includes the regular monitoring and review of risks which are reported to Full Council on a quarterly basis. A column on the corporate risk register that links risks to the corporate plan has been added and where possible the risk and performance report is on the same agenda as the quarterly finance reports.**
2. The Council should prioritise updating its policies, starting with critical ones such as the complaints policy, whistleblowing policy and others that address already identified issues or risk, to ensure robust, transparent, and effective handling of complaints and whistleblowing cases. **Action has been taken in this respect during 2024/25 but further work is required during 2025/26 see the section 4 below and the identified significant governance issue.**

For the year ended 31 March 2025, the Council produced its draft financial statements by the national deadline of 30 June 2025. The audit of these financial statements is in progress and the external auditors will present their Audit Findings Report for 2024/25, covering the financial statements audit, to the Full Council meeting on 27 January 2026.

The work to support the Value for Money assessment for the year ended 31 March 2025 is complete and the external auditors issued their Interim Auditor's Annual Report on 28 November 2025. This noted a significant weakness in the Council's arrangements in respect of financial sustainability and the following key recommendation was made:

*The Council needs to take urgent and potentially transformational action to address the overspends within Adult Social Care.*

*The Council should also:*

- *Review and update the MTFP assumptions to ensure they represent the latest position; particularly for inflation and service cost pressures;*
- *Review the methodology for setting minimum reserve levels to ensure it reflects the most prudent view of risk likelihood; and*
- *Establish a strategy to rebuild reserve balances over the medium term.*

This report will also be presented to the Full Council meeting on 27 January 2026. The Council will keep under review for the purposes of its 2025/26 AGS whether specific governance issues relating to the overspends within adult social care require action or represent a significant governance issue requiring action.

## Conclusion

The Council's governance arrangements are regarded as generally fit for purpose and are in accordance with the Framework. The Council is committed to maintaining these arrangements and ensuring that the improvements required are prioritised and sufficiently resourced. The next section of this report highlights some issues arising for attention and areas recently addressed.



**Chief Executive**

**26 January 2026**



**Chairman**

**26 January 2026**

The AGS 2024/25 was approved in draft by Full Council at its meeting on 25 June 2025. The AGS was published alongside the Council's Statement of Accounts for the period for the exercise of public rights 1 July 2025 – 11 August 2025. The AGS was approved by Full Council alongside the Council's Statement of Accounts in final format at its meeting on 26 January 2026 for signing by the Chairman and the Chief Executive.

## 4. Governance Actions

The Council's Code includes arrangements to enable the Council to consider any risks which may occur to the effectiveness of its governance arrangements, so it can plan for and mitigate or avoid those risks materialising.

Some issues arise during the year which are considered significant enough that they should be reflected in the Council's AGS as a significant governance issue for further action during 2025/26 and these are set out in the below table.

## Significant governance issues identified during 2024/25

No	Issue identified in 2024/25	Actions to address the issue as at March 2025 and planned action during 2025/26	Senior Responsible Officer
1.	<p><b>New Issue</b> The Council should prioritise updating its policies, starting with critical ones that address already identified issues or risk.</p>	<p><b>New Issue</b> During 2024/25 work has been ongoing in respect of updated policies and procedures. Focus was given to reviewing and updating the Post 16 Transport Policy Statement during the second half of 2024/25. This was published on 31 March 2025 and is now fully compliant with the legislative requirements including the requirement for an annual consultation with key stakeholders.</p> <p>Various human resources policies have been reviewed and updated during 2024/25 – this includes:</p> <ul style="list-style-type: none"> <li>• Drug and Alcohol Policy</li> <li>• Anti Bullying &amp; Harassment Policy</li> <li>• Flexible Working Policy</li> <li>• Family Friendly Policy</li> <li>• Fire Safety Policy</li> <li>• Health and Safety Policy</li> <li>• Pay Policy Statement</li> <li>• Redundancy Policy</li> </ul>	With the current role vacant this work is currently being held between the Chief Executive and the Monitoring Officer

	<ul style="list-style-type: none"><li>• Relocation Policy</li></ul> <p>During 2025/26 the following policies will be reviewed and updated:</p> <ul style="list-style-type: none"><li>• Corporate Parenting Strategy (completed)</li><li>• Information Governance including Freedom of Information Act and Data Protection</li><li>• Employee Code of Conduct</li><li>• Equality Diversity and Inclusion Policy</li><li>• Whistleblowing Policy</li><li>• Members Code of Conduct</li><li>• Complaints Policy – (work has already commenced on this)</li></ul>	
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If you need information in a different format like accessible PDF, large print, easy read, audio recording or braille:

- email [communications@scilly.gov.uk](mailto:communications@scilly.gov.uk)
- call 0300 1234 105